

College student housing. A nonprofit organization formed to provide housing for students of a college unable to provide adequate student housing and located in a community in which suitable housing is not otherwise available is operated exclusively for charitable purposes and qualifies for exemption under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable purposes.

The organization is a nonprofit corporation formed to provide housing for students of a particular college. The organization was formed by community leaders in response to studies by staff members of the college and the community leaders that determined that the community in which the college is located does not have suitable housing available at a reasonably affordable rent to meet the needs of the college or its student body. The college itself provides no housing facilities because it is financially unable to do so. As its enrollment has grown, however, many of the students in its primary service area live at such a distance that daily commuting is not reasonably possible.

The organization operates a housing facility for students adjacent to the college campus. All students of the college are eligible to apply for the housing. Applications for housing are accepted on a first come-first served basis. Charges to students for the housing approximate costs, including debt retirement. The organization is not controlled by the student residents or by the college. However, the college and the organization consult and cooperate to ensure that the needs of the college and its students are served by the operation of the housing facility. The organization is governed by a board of directors composed of community leaders.

The organization's income is from rentals of the housing facilities and from contributions. Its disbursements are for operating expenses and debt retirement.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(2) of the regulations provides that the term 'charitable' as used in section 501(c)(3) of the Code includes the advancement of education.

The organization provides needed student housing that is not otherwise available. All students who attend the college are eligible to apply for residence. Under these circumstances, the organization is both helping the college, which is unable to

provide adequate student housing, to fulfill its educational purposes, and aiding the students to attain an education. Therefore, the activities of the organization are advancing education. See Rev. Rul. 67-217, 1967-2 C.B. 181.

Accordingly, the organization is operated exclusively for charitable purposes and qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.